

## Message Text

SECRET

PAGE 01 STATE 083692  
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY S/P:JHKALICKI:MN  
APPROVED BY T - JSNYE  
D - DLAMB  
EUR - ASENS  
ARA - RELTZ  
OES - JBORIGHT  
PM - GOPLINGER  
S/S - MR. SHANKLE  
NEA - PLANDE

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-----140229Z 062731 /62

O 140138Z APR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY THE HAGUE IMMEDIATE  
AMEMBASSY PARIS PRIORITY  
AMEMBASSY BONN PRIORITY  
INFO AMEMBASSY BRASILIA IMMEDIATE  
AMEMBASSY MOSCOW  
AMEMBASSY ISLAMABAD

S E C R E T STATE 083692

EXDIS

E.O. 11652: GDS

TAGS: MNUC, TECH, PARM, GW, BR

SUBJECT: URENCO FUEL SUPPLY TO BRAZIL AND PAKISTAN NUCLEAR  
MATTERS

REF: STATE 80056, ISLAMABAD SEE PARA 4

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1. DEPARTMENT EXPECTS THAT UK AND GON MAY FEEL UNDER  
INCREASED PRESSURE TO RENEW URENCO FUEL CONTRACTS TO BRAZIL  
IN WAKE OF FRG ISSUANCE OF FIRST STAGE OF NUCLEAR EXPORT  
LICENSES TO GOB. AT SAME TIME, IT IS LIKELY THAT US WILL  
HOLD FURTHER TALKS WITH BRAZIL AND FRG WHICH WE DO NOT WISH  
TO FURTHER PREJUDICE BY PREMATURE DECISIONS ON US FUEL  
SUPPLY TO ANGRA-1 AND URENCO FUEL SUPPLY TO ANGRA-2 AND -3.

2. FOR LONDON AND THE HAGUE: YOU SHOULD ACCORDINGLY MAKE FOLLOWING POINTS TO MOBERLY AND KOOIJMANS IN STRICT CONFIDENCE:

-- AS YOU KNOW, FRG HAS DECIDED TO PROCEED WITH FIRST, NON-SENSITIVE STAGE OF LICENSES FOR EXPORT OF DEMONSTRATION ENRICHMENT AND PILOT REPROCESSING BLUEPRINTS. FRG ASSURED US THAT THIS ACTION IS NOT IRREVERSIBLE STEP IN CONNECTION WITH FURTHER DISCUSSIONS OF BRAZIL AGREEMENT, AND THAT INFORMATION BEING TRANSFERRED IS OPENLY AVAILABLE OR IN THE LITERATURE. CONSIDERABLE NUMBER OF LICENSES COVERING MORE SENSITIVE TRANSFERS REMAIN TO BE ISSUED BEGINNING NEXT YEAR.

-- WHILE DISAPPOINTED WITH FRG ACTION, WE INTEND TO CONTINUE OUR EFFORTS TO ACHIEVE MUTUALLY ACCEPTABLE OUTCOME OF FRG/BRAZIL NUCLEAR ISSUE. WE EXPECT FURTHER TALKS WITH BOTH PARTIES, AND DO NOT RULE OUT POSSIBILITY THAT ISSUANCE OF PRELIMINARY LICENSES MAY FACILITATE CONSTRUCTIVE NEGOTIATIONS.

-- PENDING POTENTIALLY DECISIVE, NEXT STAGE OF NEGOTIATIONS, WE BELIEVE IT WOULD BE IMPORTANT TO RESERVE ANY FURTHER DECISIONS IN FIELD OF NUCLEAR FUEL SUPPLY TO BRAZIL. THEREFORE, US WOULD GREATLY APPRECIATE PRIOR CONSULTATIONS BEFORE ANY FURTHER STEPS ARE TAKEN REGARDING URENCO DECISION TO RENEW FUEL SUPPLY CONTRACT FOR BRAZIL. IDEALLY, SUCH STEPS WOULD BE TAKEN IN CONTEXT OF SUCCESSFUL  
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OUTCOME OF US NEGOTIATIONS.

-- SINCE OBTAINING FRENCH ASSURANCES THAT THEY WOULD NOT TAKE COMMERCIAL ADVANTAGE OF URENCO DEFERRAL OF ITS FUEL CONTRACTS TO BRAZIL, WE HAVE OBTAINED CORRESPONDING ASSURANCES FROM USSR, IN RESPONSE TO UK AND GON SUGGESTIONS TO THIS EFFECT. WE TRUST THIS WILL EASE FURTHER THE WAY TO CONSULTATIONS PRIOR TO ANY DECISION. FYI: MOROKHOV ORALLY ASSURED HARTMAN ON THIS POINT DURING SECRETARY'S VISIT TO MOSCOW. END FYI.

3. IF EITHER MOBERLY OR KOOIJMANS POINT OUT THAT DELAY CANNOT BE UNLIMITED AND/OR WILL BE MORE DIFFICULT IN LIGHT OF FRG LICENSING DECISION, YOU SHOULD INDICATE THAT (A) WE CONTINUE TO SEEK "LIMITED BUT INDEFINITE" DELAY (FORMULATION USED BY MOBERLY LAST MONTH) PROVIDING NEAR-TERM INCENTIVE TO CONSTRUCTIVE TALKS BUT AVOIDING SPECIFIC DEADLINE WHICH WOULD REDUCE THIS INCENTIVE, AND (B) RENEWED URENCO SUPPLY IN WAKE OF FRG DECISION COULD IMPAIR

POSSIBILITIES FOR SUCH TALKS, WHICH SHOULD BE IN BEST INTEREST OF ALL SIDES.

4. FOR PARIS: YOU SHOULD BRIEF DE NAZELLE OF APPROACH US IS TAKING ALONG LINES PARAS 2 AND 3, AND ASK WHETHER THERE HAVE BEEN (OR WILL BE) FURTHER GOF CONSULTATIONS WITH FRG ON BRAZIL ISSUE. YOU SHOULD ALSO TAKE OPPORTUNITY TO INDICATE THAT US PLANS TO OPEN NEGOTIATIONS WITH GOP IN NEAR FUTURE. HOWEVER, AS GOF IS AWARE, INTERNAL PAKISTANI. SITUATION APPEARS QUITE UNSTABLE AND IT MAY PROVE IMPOSSIBLE FOR GOP TO FOCUS ON REPROCESSING ISSUE AT THIS TIME. INDEED WE WONDER IF UNSTABLE CONDITIONS MIGHT BE GIVING FRENCH SOME SECOND THOUGHTS ABOUT SENSITIVE TRANSFERS. WHILE APPRECIATING DIFFICULTIES OF DELAY FOR GOF, WE GREATLY HOPE THAT IT CAN SEE ITS WAY TO AVOIDING FURTHER SENSITIVE EXPORTS PENDING CLARIFICATION OF PAKISTANI DEVELOPMENTS AND PROJECTED US/GOP NEGOTIATIONS.

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JOSEPH NYE WOULD EXPECT TO REVIEW ENTIRE ISSUE IN BILATERALS PRECEDING NEXT LONDON SUPPLIERS MEETING. FYI: DEPARTMENT WILL REPEAT A NUMBER OF CABLES ON DOMESTIC PAKISTANI SITUATION FOR YOUR BACKGROUND INFORMATION. END FYI.

5. FOR BONN: FOR TIME BEING, DEPARTMENT SUGGESTS THAT YOU SIMPLY RESPOND TO ANY FRG QUESTIONS ABOUT URENCO FUEL SUPPLY TO BRAZIL BY INDICATING THAT AS ALL PARTNERS KNOW, US DESIRES PRIOR CONSULTATIONS BEFORE ANY FURTHER STEPS ON URENCO RENEWAL DECISION. HOWEVER, IF EMBASSY BELIEVES IT HELPFUL, IT MAY VOLUNTEER THIS INFORMATION AT APPROPRIATE OPPORTUNITY.

6. DEPARTMENT WOULD OF COURSE WELCOME CONFIRMATION THAT ANY URENCO DECISION MUST COME AFTER MAY 25 DUTCH ELECTIONS OR (BETTER YET) COMPLETION OF GON CABINET FORMATION SUBSEQUENT TO ELECTIONS, PER THE HAGUE 1861.

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009